HOUSE . . . . No. 4387

Message from His Excellency the Governor returning with recommendation of amendments the engrossed Bill relative to infrastructure investment, enhanced competitiveness, and economic growth in the Commonwealth (House, No. 4352). August 7, 2012.

The Commonwealth of Massachusetts

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DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

August 7, 2012.

To the Honorable Senate and House of Representatives:

Pursuant to Section 5 of Article 63 of the Amendments to the Constitution, I am today signing House Bill H. 4352, "An Act relative to infrastructure investment, enhanced competitiveness, and economic growth in the Commonwealth," while disapproving several sections.

I am pleased to approve the majority of this important legislation, which advances the state's economic development strategy, Choosing to Compete in the 21st Century, by continuing to support investments in infrastructure, the innovation economy and our world class workforce. I am also pleased to approve the elements of this legislation that continue to build on the Administration's efforts in the areas of regulatory reform, improving housing affordability, enhancing our robust manufacturing sector, and rebuilding communities.

I disapprove Section 7, which amends the definition of "Gateway municipality," because it dilutes limited funding available for targeted communities.

I also disapprove several provisions that grant unaffordable tax benefits:

- Sections 26, 27, 33, and 34, which extend the brownfields tax credit from 2013 to 2015, costing $27.8 million per year, before adequate analysis of the credit's effectiveness is complete. The credit will continue to be available for another year, and my Administration will analyze its effectiveness and make an appropriate recommendation well before its August 5, 2013 expiration;

- Sections 28 and 35A, which increase the Historic Preservation tax credit from $50 million to $60 million, costing an additional $10 million per year, without any analysis of the program's effectiveness;
- Sections 31, 32, 37, and 96, and proposed section 38DD of chapter 63 of the General Laws inserted by section 35 of this bill, which provide a $456 credit for any new corporation in each of its first three years, costing $5-7 million in fiscal year 2014 and $15-19 million in fiscal year 2015; and
- Sections 38-46 and 99, which restructure corporate tax payments, at a one-time cost of $191 million in fiscal year 2014. Section 87 proposes borrowing $200 million from the Stabilization Fund to pay this cost, but it provides no method for repaying the Fund.

All but the last of these unaffordable tax benefits either extend existing tax expenditures or establish a new one, and they are inconsistent with the recommendations of the Tax Expenditure Commission that made its report just three months ago. By contrast, the new community investment tax credit, which I am pleased to approve, makes a serious effort to follow the Commission's recommendations by including a clear purpose, an overall dollar cap, a five-year sunset date, a competitive award process with defined criteria, and an impartial process for review and analysis of outcomes.

I approve the remainder of this Act.

Respectfully submitted,

DEVAL L. PATRICK,
Governor.